

Cosponsor the "Protecting Employees and Retirees in Municipal Bankruptcies Act of 2014"

From: The Committee on the Judiciary - Minority Staff

Sent By: maggie.lopatin@mail.house.gov

Date: 7/15/2014

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Deadline: Wednesday, July 16, 2014, at 1:00 pm

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Dear Colleague:

When a municipality files for bankruptcy, its employees and retirees who have devoted their lives to public service -- such as police officers, firefighters, sanitation workers and office personnel -- risk having their hard-earned wages, pensions and health benefits cut or even eliminated.

This is why I am introducing the "Protecting Employees and Retirees in Municipal Bankruptcies Act of 2014." This legislation strengthens protections for employees and retirees under chapter 9 municipality bankruptcy cases by: (1) clarifying the criteria that a municipality must meet before it can obtain chapter 9 bankruptcy relief; (2) ensuring that the interests of employees and retirees are represented in the chapter 9 case; and (3) imposing heightened standards that a municipality must meet before it may modify any collective bargaining agreement or retiree benefit.

While many municipalities often work to limit the impact of budget cuts on their employees and retirees, as was recently demonstrated in the chapter 9 plan of adjustment just approved by Detroit's public employees and retirees, other municipalities could try to use current bankruptcy law to set aside collective bargaining agreements and retiree protections.

My legislation addresses this risk by requiring the municipality to engage in meaningful good faith negotiations with their employees and retirees *before* the municipality can apply for chapter 9 bankruptcy relief. This measure would also expedite the appellate review process of whether a municipality has complied with this and other requirements. And, the bill ensures employees and retirees have a say in any plan that would modify their benefits.

This measure is supported by the American Federation of State, County and Municipal Employees (AFSCME) which says that this “legislation is badly needed in order to address serious shortcomings in Chapter 9 municipal bankruptcy law that were brought to light in the recent Detroit bankruptcy case.” It is likewise supported by the AFL-CIO

If you are interested in cosponsoring this legislation, please contact Susan Jensen (susan.jensen@mail.house.gov) or Benjamin Apelbaum (benjamin.apelbaum@mail.house.gov) at 225-6906.

Sincerely,

John Conyers, Jr.
Ranking Member